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Financing of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial performance of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES), including the liaison offices at Zagreb and Belgrade, for the period from 1 July 1996 to 30 June 1997 (A/52/722). The Committee has also considered the report of the Secretary-General on the revised budget of UNTAES, including the liaison offices at Zagreb and Belgrade, for the maintenance of the mission during the period from 1 July 1997 to 15 January 1998 and its liquidation thereafter, as well as for the maintenance of the Civilian Police Support Group during the period from 16 January to 15 October 1998 and its liquidation thereafter (A/52/801). During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General, including the Chief Administrative Officer of the mission, who provided the Committee with additional information and clarifications.

Financial performance for the period from 1 July 1996 to 30 June 1997

2. The financial performance report of UNTAES and the liaison offices at Zagreb and Belgrade for the period from 1 July 1996 to 30 June 1997 (A/52/722) reflects expenditures in the amount of $265.1 million gross, resulting in an unencumbered balance of $15.9 million gross. In paragraph 13 below, the Advisory Committee recommends that this balance be credited to Member States. According to the Secretary-General, the unencumbered balance is due mainly to delayed deployment of military and civilian personnel, the availability of rent-free accommodation, the availability of some supplies from United Nations Peace Forces (UNPF) stock and from the United Nations Logistics Base at Brindisi, as well as to the operation of fewer vehicles than foreseen.

3. The Advisory Committee recalls that the Secretary-General's initial budget estimates for the mission for the period under consideration amounted to $284,776,500 gross; the Committee had recommended $274,088,600 gross and the General Assembly appropriated $280,968,700 gross, that is, the amount recommended by the Advisory Committee plus $6,880,100 million for the support account. In his revised cost estimates for the mission for the period from 1 July 1996 to 30 June 1997 (A/51/520), the Secretary-General proposed an increase from $274,088,600 gross to $276,898,300 gross. The Committee did not support the proposal. The Committee points out that the unencumbered balance of $15.9 million gross for the period from 1 July 1996 to 30 June 1997 referred to above has been recorded

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despite the reduction of a total of $13.5 million recommended by the Committee and accepted by the General Assembly, and it is over and above the absorption within the budget of $1.8 million for the United Nations Logistics Base at Brindisi and the recording against the budget of $2.0 million of unliquidated obligations for the period ending 30 June 1996. It therefore appears to the Advisory Committee that both the initial and revised budget estimates for the mission for the period from 1 July 1996 to 30 June 1997, as proposed by the Secretary-General, were inflated.

4. The Advisory Committee notes from annex I to the performance report (A/52/722) that the unliquidated obligations for the period from 1 July 1996 to 30 June 1997 amounted to $134.9 million, which constitutes almost half of the total estimated expenditures of $265.1 million (gross). The Committee was informed that the unliquidated obligations had been significantly reduced and that they amounted, as at 31 January 1998, to $66.2 million, of which $46.8 million relate to contingent-owned equipment.

5. The Advisory Committee observes that the estimated requirements of $61.4 million under contingent-owned equipment reflect a projected overexpenditure of $46.3 million. The Committee notes from the performance report that the requirements for reimbursement of contingent-owned equipment for the period from 15 January 1996 to 30 June 1997 were originally estimated at $29.1 million (ibid., annex II.B, para. 11) and that an amount of $24.1 million was obligated for reimbursement of contingent-owned equipment, of which $9.2 million was included in the performance report for the period from 15 January to 30 June 1996. Furthermore, according to the Secretary-General, it was projected that an amount of $70,606,500 would be required for the period from 15 January 1996 to 30 June 1997 for reimbursement of major equipment under the new wet lease arrangements to 10 Governments ($58,711,768) and for self-sustainment ($11,894,732) (ibid., para. 12).

6. The Advisory Committee notes that the estimated requirements for reimbursement of contingent-owned equipment for the period from 15 January 1996 to 30 June 1997 have increased from $29.1 million to $70.6 million, including requirements for self-sustainment of $11.9 million. The Committee was informed, upon enquiry, that the estimated requirements of $70.6 million for reimbursement of contingent-owned equipment reflect a retroactive application of the new wet lease arrangement to the period beginning on 15 January 1996. The Committee points out that the mission had provided a number of services from its budget to military personnel. It is important, therefore, that the Secretary-General clarify and confirm that reimbursement under the new wet lease arrangements with troop-contributing Governments does not include provisions for support and other services already provided by the United Nations to military personnel.

7. According to the Secretary-General, reimbursement on wet lease basis and for self-sustainment has resulted in reduced requirements on other budget lines such as premises, spare parts, repair and maintenance of motor vehicles, communication spare parts, other equipment spare parts, commercial communications, medical treatment and services, medical supplies, quartermaster and general stores and welfare (ibid.). The Advisory Committee points out, however, that the performance report does not contain information on savings under these budget lines resulting from self-sustainment of military personnel. The Committee recommends that this information be included in budget performance reports on all peacekeeping operations where the new wet lease arrangements are put in place. The Committee was informed, upon enquiry, that the amount of $11.9 million for self-sustainment was owed to 10 troop-contributing Governments for the period starting from the date of troop arrival in the mission area through 30 June 1997 and that it was not possible retroactively to quantify reduced requirements under other budget lines as a result of self-sustainment.

8. The Advisory Committee notes from paragraph 7 of the performance report that $2.0 million of unliquidated obligations for the period ending 30 June 1996 were recorded in the mission's accounts for the period from 1 July 1996 to 30 June 1997. The Committee regrets that the performance report does not contain any explanation of why this amount was not properly recorded in the financial period concerned. The Committee requests that future performance reports for peacekeeping operations provide complete explanations of the reasons for recording expenditures in accounts for subsequent budget periods.

9. As can be seen from annex I to the performance report, the largest underexpenditure ($26.4 million), which amounts to 30 per cent of the apportioned appropriations, falls under the budget line "Civilian personnel costs". The Advisory Committee was informed, upon enquiry, that the vacancy situation in the mission during the period under consideration was as follows: 21 per cent in civilian police, 18 per cent in international staff, 16 per cent in local staff and 10 per cent in United Nations volunteers. With respect to savings under international staff, the Committee notes from the report that expenditures for salaries of international staff are below the monthly incumbency owing to delays in the processing of personnel actions for former UNPF staff

who were transferred to UNTAES but continued to be charged to UNPF (ibid., para. 18).

10. The Advisory Committee was informed, upon enquiry, that outstanding obligations of $72,186 for travel of military observers would be cancelled, bringing the average cost per round trip from $4,046 (as indicated in A/52/722, annex II.B, para. 2) to $3,228; similarly, outstanding obligations of $485,976 for travel of civilian police will also be cancelled, bringing the average cost per one-way trip from $2,645 (ibid., para. 15) to $1,863. The Committee was informed that the related savings will be reflected in the financial statement for UNTAES for the period from 1 July 1996 to 30 June 1997.

11. The Advisory Committee requested additional information on the overexpenditure of $123,700 under the budget line item entitled "Other travel costs", where the apportioned appropriation amounted to $146,400. According to the information provided by the Secretariat the overrun related primarily to travel of staff of the Belgrade and Zagreb liaison offices and travel by the Transitional Administrator. The Committee is not satisfied with the additional information received and requests that in the future it be provided with an explanation of and justification for overexpenditure and not just an indication of which offices contributed to overexpenditure. The Committee had expected, for example, that an explanation would be provided as to why the staff of the liaison offices of UNTAES had to travel in the absence of necessary budgetary allocations, who authorized their travel, what measures had been taken by the administration to contain travel expenses and why budgetary provisions had not been requested, as appropriate.

12. As indicated in the performance report (ibid., para. 18), reduced requirements for salaries of international staff are due in part to the provision of seven gratis personnel by Governments valued at $397,500. The Advisory Committee points out, in this connection, that the performance report should have provided justification for all gratis personnel and functions performed by them.

13. In paragraph 8 of the report, the Secretary-General indicates the action that the General Assembly may wish to take on the treatment of the unencumbered balance of $15.9 million gross for the period from 1 July 1996 to 30 June 1997. The Advisory Committee recommends that the unencumbered balance be credited to Member States in a manner to be decided by the General Assembly.

Revised cost estimates for UNTAES and estimates for the Civilian Police Support Group

14. The report of the Secretary-General in document A/52/801 contains the revised cost estimates for UNTAES and the liaison offices at Zagreb and Belgrade for the period from 1 July 1997 to 30 June 1998 in the total amount of $139.2 million gross, including $112.1 million gross for the maintenance of the mission during the period from 1 July 1997 to 15 January 1998, $17.4 million gross for its liquidation during the period from 16 January to 30 June 1998 and $9.7 million gross for the maintenance of the Civilian Police Support Group during the period from 16 January to 30 June 1998. The revised cost estimates of $139.2 million gross include $297,500 of budgeted voluntary contributions in kind. In addition, the report contains the proposed budget of a total of $7.1 million gross for the maintenance of the Support Group for the period from 1 July to 15 October 1998 ($5.6 million gross) and its liquidation thereafter ($1.5 million gross).

15. It is recalled that the cost of maintaining UNTAES and the liaison offices at Zagreb and Belgrade for the period from 1 July 1997 to 30 June 1998 was estimated at $266.6 million gross, as shown in the reports of the Secretary-General (A/51/520/Add.1 and Add.3). Taking into account the recommendations of the Advisory Committee, the General Assembly appropriated $265.1 million gross for the maintenance of UNTAES and $10.3 million for the support account for peacekeeping operations. These amounts were to be assessed on Member States at a monthly rate of $22.9 million gross, subject to the decision of the Security Council to extend the mandate of UNTAES beyond 15 July 1997. The Committee was informed that $111.8 million gross had already been assessed for the period from 1 July 1997 to 15 January 1998.

16. The Security Council, by its resolution 1145 (1997) of 19 December 1997, terminated the mandate of UNTAES on 15 January 1998 and established the Support Group, with a mandate limited to a single nine-month period from 16 January to 15 October 1998. Pending the submission of the report of the Secretary-General on the revised budget for UNTAES and the cost estimates for the Support Group, the Controller informed the Advisory Committee in a letter of 30 January 1998 of his intention to utilize the resources provided for UNTAES under General Assembly resolution 51/153 B of 15 June 1997 to meet the cost of the Support Group up to an amount of $9.9 million gross for the period from 16 January to 30 June 1998. The Committee observes

that the requirements for the Support Group, as reflected in the report of the Secretary-General (A/52/801), are estimated at $9.7 million gross. The Committee was informed, upon enquiry, that the difference in the figures is due to: (a) a reduction of $62,900 in respect of one P-5 post – the functions of the post will be assumed by the Chief Administrative Officer of UNTAES; (b) an increase of $31,900 under communications for the purchase of telephone systems for installation at police stations and for the rental of pagers; and (c) a total reduction of $154,900 under miscellaneous services relating to claims and adjustments ($140,000) and official hospitality ($14,900).

17. Annex I to the report provides a breakdown of the revised cost estimates for the period from 1 July 1997 to 30 June 1998. Although most budget lines reflect a reduction in resource requirements, such budget lines as reimbursement for contingent-owned equipment, travel of civilian personnel, general temporary assistance, alteration and renovation of premises, workshop and test equipment, security services and air and surface freight reflect an increase in resource requirements. The Advisory Committee points out, in this connection, that the increased requirements should have been explained and justified much more extensively in the report. The Committee is of the view that efforts should be made to contain requirements under travel of civilian personnel, general temporary assistance and alteration and renovation of premises.

18. A provision of $10.3 million for the support account for peacekeeping operations remains unchanged. The Advisory Committee was informed, upon enquiry, that the provision for the support account, which represents the prorated share of UNTAES in the cost of backstopping at Headquarters, was not revised in accordance with the existing mechanism of providing funding for the support account.

19. The Advisory Committee was provided, on request, with the deployment schedule of military and civilian personnel for UNTAES and the Support Group during the period from 1 July 1997 to 30 June 1998, which is reproduced in the annex below to the present document. As can be seen, the military personnel will be significantly reduced from 4,391 in July 1997 to 30 in March 1998 to stay at that level until June 1998, the number of civilian police will be reduced from 450 in July 1997 to 180 in February 1998 to stay at that level until June 1998, and the number of civilian staff will be reduced from 1,195 in July 1997 to 265 in June 1998. The Committee points out that, considering such a significant reduction in military personnel, the civilian structure of the mission of the average of 234 staff for the five and one half month period beginning 16 January 1998, appears to be too heavy. The Committee recommends that efforts be made to speed up the reduction in the civilian structure of the mission during its liquidation period. At the same time, the Committee stresses the importance of retaining the most experienced staff to perform liquidation tasks.

20. The Advisory Committee was informed that at the time of the hearings (26 February 1998), all troops had been repatriated, somewhat ahead of the scheduled date of 28 February 1998, and five international and three local posts were vacant. This should bring about, in the view of the Committee, some savings in the liquidation budget of UNTAES.

21. The Advisory Committee was also informed of delays in deployment of staff for the Support Group; thus, at the time of the Committee's deliberations on the report of the Secretary-General, only 32 (out of 52) posts in the category of internationally recruited staff were filled and only 140 (out of 165) posts in the category of locally recruited staff were filled. The Committee was further informed that the delays were due in part to the fact that some staff were performing liquidation activities and the related expenditures were being charged to the liquidation account. This being the case, savings will arise, in the view of the Committee, in the account for the maintenance of the Support Group for the period from 16 January to 30 June 1998.

22. The Advisory Committee notes from the report (A/52/801, annex II.E, para. 11) that a provision of $0.4 million is made under the liquidation budget of UNTAES for accumulated overtime that could not be compensated by compensatory time off. The Committee raised questions on the estimated requirements for overtime and was informed that the whole question of compensatory time off was under review with a view to formulating policy guidelines for all peacekeeping operations.

23. The Advisory Committee notes from the report (ibid., para. 23) that third-party claims of $1.4 million have been received by UNTAES, of which $1.0 million were obligated in prior periods. The balance of $0.4 million has been included in the budget proposal for the period from 1 July 1997 to 30 June 1998. The Committee was informed upon enquiry that the entire amount of $1 million remains unexpended and represents an unliquidated obligation as at 28 February 1998. Under the circumstances, the Committee does not believe, at this stage, that the additional appropriation of $0.4 million is required and recommends that all unsettled claims of UNTAES be thoroughly reviewed before the United Nations accepts liability.

24. It is recalled that the General Assembly had appropriated, under its resolution 51/153 B, an amount of $275.3 million gross for UNTAES for the period from 1 July 1997 to 30 June 1998. The Secretary-General, in paragraph 38 of the report, proposes, *inter alia*, (a) a reduction in the amount of appropriation authorized by the General Assembly to $138.9 million gross for the maintenance and liquidation of UNTAES and the Support Group for the period from 1 July 1997 to 30 June 1998; and (b) the appropriation of an amount of $7.1 million for the maintenance and liquidation of the Support Group for the period from 1 July 1998 to 30 June 1999.

25. The Advisory Committee notes that of the amount of $138.9 million gross, an amount of $111.8 million gross relates to the maintenance of UNTAES during the period from 1 July 1997 to 15 January 1998, an amount of $17.4 million gross relates to the liquidation of UNTAES during the period from 16 January to 30 June 1998 and an amount of $9.7 million gross relates to the maintenance of the Support Group for the period from 16 January to 30 June 1998. Taking into account its comments and observations in the paragraphs above, the Committee recommends that the Secretary-General's total estimates of $138.9 million gross be reduced by $4.1 million as follows: the requirements for the liquidation of UNTAES for the period from 16 January to 30 June 1998 should be reduced from $17.4 million gross to $15.0 million gross and the requirements for the Support Group for the same period should be reduced from $9.7 million gross to $8.0 million gross. Accordingly, the Advisory Committee recommends that the General Assembly: (a) reduce to $134.8 million gross the appropriation provided under its resolution 51/153 B for the maintenance of UNTAES during the period from 1 June 1997 to 15 January 1998 ($111.8 million gross) and its liquidation during the period from 16 January to 30 June 1998 ($15.0 million gross) and for the maintenance of the Civilian Police Support Group for the period from 16 January to 30 June 1998 ($8.0 million gross); and (b) appropriate $7.1 million gross for the maintenance and liquidation of the Civilian Police Support Group for the period from 1 July 1998 to 30 June 1999.

Annex

Deployment of military and civilian personnel for the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium and the Civilian Police Support Group from 1 July 1997[a]

	July	*August*	*September*	*October*	*November*	*December*	*1-15 January*	*16-31 January*	*February*	*March*	*April*	*May*	*June*
	1997						*1998*						
1. Military personnel													
Military observers	100	100	100	100	100	100	100	100	—	—	—	—	—
Infantry	3 356	1 783	1 643	1 320	212	6	—	—	—	—	—	—	—
Support personnel	935	935	765	765	720	720	720	720	720	30	30	30	30
Subtotal, military contingents	**4 291**	**2 718**	**2 408**	**2 085**	**932**	**726**	**720**	**720**	**720**	**30**	**30**	**30**	**30**
Subtotal, military personnel	**4 391**	**2 818**	**2 508**	**2 185**	**1 032**	**826**	**820**	**820**	**720**	**30**	**30**	**30**	**30**
2. Civilian personnel													
Civilian police	450	450	450	400	400	400	400	400	180	180	180	180	180
Civilian staff													
Under-Secretary-General	1	1	1	1	1	1	1	1	1	—	—	—	—
Assistant Secretary-General	1	1	1	1	1	1	1	1	—	—	—	—	—
D-2	1	1	1	1	1	1	1	1	1	1	1	1	1
D-1	7	7	7	7	7	7	7	4	3	3	3	3	3
P-5	12	12	12	12	12	12	12	8	5	5	5	5	5
P-4	45	44	43	35	35	35	35	35	27	23	23	23	17
P-3	50	48	48	40	40	40	40	40	22	18	18	14	10
P-2	13	13	13	13	13	13	13	11	4	4	4	3	2
Field Service	172	164	160	103	103	103	103	103	78	60	45	37	13
General Service (Principal level)	4	4	4	3	3	3	3	2	2	—	—	—	—
General Service (Other level)	110	107	100	90	90	90	90	86	47	47	47	37	22
Security Service	9	9	9	9	9	9	9	9	9	9	4	4	4
Local staff	700	680	650	500	500	435	435	435	376	306	277	248	188

	July	*August*	*September*	*October*	*November*	*December*	*1-15 January*	*16-31 January*	*February*	*March*	*April*	*May*	*June*
				1997					*1998*				
United Nations Volunteers	70	70	70	70	70	70	70	70	47	29	29	18	—
Subtotal (revised) civilian staff	**1 195**	**1 161**	**1 119**	**885**	**885**	**820**	**820**	**806**	**622**	**505**	**456**	**393**	**265**
Subtotal (revised) civilian personnel	**1 645**	**1 611**	**1 569**	**1 285**	**1 285**	**1 220**	**1 220**	**1 206**	**802**	**685**	**636**	**573**	**445**

[a] Includes personnel for the Belgrade and Zagreb liaison offices.